

Section	2010	2011
<b>Local Government Finance</b>	State/Local Fiscal Relationships: Local Government Aid (LGA)	State/Local Fiscal Relationships: Local Government Aid (LGA)
Priority Issues:	<p>For almost 40 years, the State of Minnesota has provided aid to cities, counties and schools, while limiting their authority to impose local taxes. Over the years the programs have been amended but the state has continued to share revenues with local governments. However, when the state experiences a revenue shortfall local governments, as well as state government, are subject to revenue reductions or, at best, no appropriations increase. Since 2008, cities and counties have been subject to reductions through unallotments and budget modifications while schools have received no increases but have been subject to shifts in payment dates.</p>	<p>State and Local Fiscal Relationship. Minnesota has established tax revenue system that centralizes most tax authority, collections and disbursements with the state. The system which began approximately 40 years ago has the state collecting and disbursing a portion of tax revenue to cities, counties and school districts. Local governments, however, are prohibited from imposing local non-property taxes without legislative approval. As a result of the system, a major portion of a city's annual general fund revenue has been state resources in the form of property tax relief and or local government aid (LGA). The system works well when revenues are stable or rising. However, state revenues have been below expectations each year since 2003 and as a result there have been financial impacts on local governments.</p>
	<p>Current Biennial Budget (FY2010/2011) Spending-Changes Fall Heavily on Cities</p> <p>Prior to 2010 legislative action, the current biennial budget appropriated \$33.5 billion in spending but was subsequently reduced by \$2.6 billion. The spending changes included timing changes (shifts) for school aid payments and permanent reductions. The shifts are to be paid to the schools in the future. The reductions represent 77% of the budget solution while the remaining 23%, or \$711 million, were revenue changes including, but not limited to, transfers from other funds, increased tax compliance enforcement, delays in paying tax refunds. The major spending changes included:</p>	<p>In 2003, \$105.0 million, or 40% the City of Minneapolis' general fund revenue consisted of state aid (LGA and property tax relief). The proposed 2012 budget estimates that \$67.0 million, or 18% of the general fund will be state assistance. The declines mirror the reductions in state aid. In 2003 total LGA was estimated to be \$586.0 million but due to a state budget deficit LGA actually paid approximated \$450.0 million. In 2012 and for the next three years the LGA appropriation is \$426.0 million. The largest state property tax relief program (market value homestead credit) paid to local governments was eliminated for 2012 and subsequent years. As a result of the credit's elimination, the state's commitment to property tax relief was reduced by approximately \$262.0 million annually. The City's share of the credit amounted to \$6.3 million.</p>
	<ul style="list-style-type: none"> <li>•\$404.3 million in local aid and credit – \$404.3 million in local aid and credit programs, or 12 % of the budget solution</li> <li>•\$146.6 million to higher education, or 4% of the budget solution</li> <li>•\$114.3 million to state agencies, programs, and property tax relief not identified above, or 3 % of the solution.</li> <li>• \$1.949 billion in payment shifts to school aids, or 56% of the budget solution.</li> </ul>	<p>As cities prepare their 2012 budgets, the possibility of additional state budget deficits and resulting impacts on city revenues are a distinct possibility. The continued state revenue uncertainty has made it difficult for cities to plan and provide services.</p>

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	<p>The budget solution falls heavily on cities and is disproportionate to the city's appropriation as compared to the total budget.</p> <ul style="list-style-type: none"> <li>• City LGA and market value homestead credit (MVHC) paid to cities accounted for 3.6% of the budget prior to adjustments.</li> <li>• Reductions in LGA and MVHC paid to cities were equivalent to 7.2% of the solution (revenue, shifts and reductions), or almost twice its share of the budget.</li> </ul>	
	<p>Excluding the revenue changes and the shift, approximately \$686.0 million in spending has been cut. Of the total spending cuts, city aids and credits account for 35% of the spending reductions.</p>	
	<p>Over the last three years the state has not paid the certified (promised) amounts and as a result, cities and counties have received reduced amounts. In 2009, Minneapolis was promised \$ 88.7 million but actually received \$ 80.2 million. The 2010 promised amount of \$ 90.0 million was reduced to \$64.0 million, a 29% reduction. In 2010, Minneapolis lost all of its market value homestead credit prior to a LGA reduction (\$6.4 million).</p>	
	<p>The unreliable nature of LGA has caused several cities to treat LGA as one-time funding, or use it for non-recurring expenses. Cities have also reduced services, instituted lay-offs and or increased property taxes to offset state aid losses.</p>	
	<p>Legislative LGA Study Commission. "Formula Reform" Delayed</p>	
	<p>While the amount of the actual LGA amount has been a major concern for cities, the statutory formula that distributes LGA has been subject criticisms that it does not measure city needs or a city's ability to raise revenue. Concerns regarding special formula components by city size and location have also been identified. Being aware of the concerns, the 2008 tax bill contained a provision that established a LGA study group. The group which consists of city officials and legislators is charged to study the current formula and make recommendation to improve it. The report to the legislature was due by December 15, 2010 but the due date has been delayed to December 15, 2012</p>	

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	<p>Minneapolis Priorities:-</p> <ul style="list-style-type: none"> <li>• Funding of the LGA program at, a minimum, its promised amount (\$526.0 million in 2011) during the 2012-2013 biennium.</li> <li>• Move up the deadline of the LGA study group to December, 2011.</li> </ul>	<p><u>Minneapolis Priorities</u></p> <ul style="list-style-type: none"> <li>- <u>Provides cities with additional revenue sources including but not limited to sales taxes, street use utility and public infrastructure and other fees to fund services and capital projects.</u></li> <li>- <u>Target aid to cities that have high needs, low fiscal capacity as well as overburden created by non-residents (employees, students, visitors) using city services. Aid distribution should also recognize the amount of state taxes generated in a city and the amount it receives from the state.</u></li> <li>- <u>Extend the submission date of the LGA study commission report until the start of the 2013 session.</u></li> <li>- <u>Direct the Minnesota Department of Revenue to provide information on state collected taxes by city in addition to current county and regional reports.</u></li> </ul>
	<ul style="list-style-type: none"> <li>• <del>Diversifying revenue sources for municipalities, including but not limited to street use utility, sales tax, and other user fees including infrastructure maintenance fees.</del></li> </ul>	Moved to Priority Section
	<ul style="list-style-type: none"> <li>• <del>Direct the Minnesota Department of Revenue to provide information on state collected taxes by city in addition to the current county and regional reports.</del></li> </ul>	Moved to Priority Section
<b>Capital Bonding</b>		
	<p>The following projects were submitted by the City of Minneapolis to Minnesota Management and Budget and adopted as the City's bonding priorities for the 2010 Session:-</p> <ol style="list-style-type: none"> <li>1. Plymouth Avenue Bridge: \$5.0M</li> <li>2. 10th Avenue Bridge: \$7.6M</li> <li>3. Target Center Improvements: \$8.0M</li> <li>4. Nicollet Mall Planning Funds: \$2.0M</li> <li>5. Granary Road: \$5.3M</li> <li>6. 35W S &amp; 35W N Storm Tunnel Pres. Projs: \$4.5M</li> <li>7. Grand Rounds Scenic Byway Lighting Renovation: \$7.2M</li> </ol>	<p><u>The following capital investment projects were submitted by the City of Minneapolis to Minnesota Management and Budget and adopted as the City's bonding priorities for the 2012 session.</u></p> <p><u>NEW BONDING PRIORITY LIST TO BE INSERTED HERE</u></p>
<b>Public Safety</b>		
Priority Issues		<p><u>Efforts to end the sexual exploitation of youth by building a system that responds effectively to their needs, including sufficient resources and training for law enforcement and service providers.</u></p>
	<ul style="list-style-type: none"> <li>• <del>Extend sunset or make permanent Department of Public Safety pilot program for drivers who drive after cancellation, suspension or revocation.</del></li> </ul>	Achieved

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Support Issues	Sufficient funding for General Assistance Medical Care and other programs that fund mental health treatment and other safety net services.	Sufficient funding for programs that fund mental health treatment and other safety net services.
		<u>Methods to secure reimbursement for medical care provided by first responders.</u>
Opposition Issues		<u>Transfers from the dedicated Fire Safety Account to the state general fund.</u>
<b>Pension Sustainability</b>		
	The Plan for Sustainable Pensions: Funding and Securing the Police and Fire Relief Associations.	
	In 1980, the Minneapolis Police Relief Association (MPRA) pension fund and the Minneapolis Firefighters' Relief Association (MFRA) pension fund were "closed" to new members. City employees who would have been eligible for enrollment in those plans were enrolled in the Public Employees Retirement Fund (PERA) from that point on.	
	The MPRA and MFRA pension plans need to achieve full funding and secure pension benefits without undue burden to Minneapolis taxpayers. The City of Minneapolis supports merging MPRA and MFRA into PERA under the following principles:	
	<ol style="list-style-type: none"> <li>1. Pension benefits based on a proper determination of amounts under state law, by laws of pension plan, and court orders.</li> <li>2. Fixed annual city and state contributions sufficient to fund remaining unfunded liabilities.</li> <li>3. City approval</li> <li>4. Assure the continuation of retiree base benefits as required by law.</li> <li>5. Balance retiree and taxpayer interests.</li> <li>6. Simplify and link the annual cost of living adjustments in a manner consistent with other governmental pension plans.</li> <li>7. Establish a schedule of City contributions to fully fund the plans by 2020.</li> </ol>	
	The City's sustainability plan includes the following actions that require legislative approval followed by City Council approval:	

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	<b>1. Ensure that retirees receive consistent cost of living adjustments.</b> This could be achieved by replacing the annual change in unit value with a cost of living adjustment equal to or comparable with what other police and fire retirees in Minnesota receive.	
	<b>2. Change the structure of governance for the closed funds.</b> The current administrative structure should be replaced with the Public Employee Retirement Association (PERA) and all of the funds' assets should be managed by the State Board of Investment (SBI). This will save significantly on the cost of administering these small funds.	
	<b>3. Fund these plans consistent with the requirements of statewide pension plans.</b> The City's funding commitment will begin when the sustainability plan is approved by the legislature, agreement is reached on actuarial assumptions, the change in administration of the plans occurs, cost of living adjustments are linked to the COLA changes for similar Minnesota pension plans, and City Council approval is made.	
	The City will in 2011:	
Priority Issues	<ul style="list-style-type: none"> <li>• Pursue legislation that will merge the Minneapolis Police Relief Association (MPRA) and the Minneapolis Fire Relief Association (MFRA) into PERA – Police and Fire with an effective date no later than December 31, 2012. The merger plan will include continued financial contributions from the city and state of Minnesota, continuation of basic pension benefits that are at least equal to current levels as required by law, cost of living adjustments consistent with other PERA – Police and Fire retirees and a plan to transfer each plan's assets to PERA – Police and Fire at least six months prior to the effective date of the merger.</li> </ul>	
Opposition Issues	<ul style="list-style-type: none"> <li>• Legislation increasing benefits to MFRA and MPRA members until such time that a sustainable solution to ensure the long-term health of the funds can be reached.</li> </ul>	
Transportation		
Priority Issues	<ul style="list-style-type: none"> <li>• Funding to complete development of the Central Corridor LRT line</li> </ul>	<ul style="list-style-type: none"> <li>• Funding to complete development of the Central Corridor LRT line</li> </ul>
Affordable Housing & Homelessness Prevention		

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	The City's efforts in providing affordable housing have been slowed by the mortgage foreclosure crisis and the tightening of credit to potential homeowners. While the federal Neighborhood Stabilization Program (NSP) has helped, additional resources are needed.	The City's efforts in providing affordable housing have been slowed by the mortgage foreclosure crisis and the tightening of credit to potential homeowners. While the federal Neighborhood Stabilization Programs (NSP) <u>have</u> helped, additional resources are needed.
	Other affordable housing priorities in Minneapolis include safeguarding the current MHFA-MinnesotaHousing programs that serve low-income residents.	Other affordable housing priorities in Minneapolis include safeguarding the current MinnesotaHousing programs that serve low-income residents.
		<u>Allow cities to assess for the remediation of nuisance vegetation such as unsecured and exposed tree root balls and volunteer tree growth on abandoned properties.</u>
<b>Municipal Governance</b>		
Support Issues	Support legislation to amend the Municipal Planning Act so that provisions for appeals to local governments are consistent with previsions provided for county governments. <del>For example, presently the appeal period for a local government land use decision is six years, while the appeal period for a county land use decisions is 60 days. A shared time frame provides certainty for units of government and citizens and creates a uniform standard. This also aligns the process with the timeframe for appeals of quasi-judicial decisions which is also 60 days.</del>	Support legislation to amend the Municipal Planning Act so that provisions for appeals to local governments are consistent with previsions provided for county governments.
	<del>• Allow local jurisdictions to combine precincts for municipal and state elections.</del>	Accomplished
	<del>• Support legislation that gives cities greater authority and discretion to grant zoning variance to respond to the unique land use needs of particular communities.</del>	Accomplished
		<u>Legislation allowing absentee ballots to be included in their respective Election Day precinct ballots for the purpose of recounts, eliminating the potential costly burden of a jurisdiction-wide absentee ballot precinct.</u>
		<u>Legislation eliminating redundant audio testing of the AutoMARK voting equipment by election judges which duplicates testing already completed by election technicians before delivery of equipment.</u>
	<del>• Revise the state law to clarify that the collection of unpaid service charges may be ordered without regard to valuation and is not subject to the special benefit rule.</del>	Resolved by court decision

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	<ul style="list-style-type: none"> <li>• Limit the exemption in 169.346, Subd. 3, which requires the dismissal of a parking violation or misuse of a disability parking certificate violation if the certificate holder or the vehicle owner comes in with a valid certificate, to use of permits less than 6 months old.</li> </ul>	Accomplished
<b>City Livability</b>		
Priority Issues	<p><del>Youth Violence Prevention:</del></p> <p>Traditionally, public policy has addressed youth violence primarily as a public safety issue. As a result, solutions to the increasing problem of youth violence have been sought through the criminal justice system. Increased arrests, longer sentences, and trying youth as adults, however, have not solved the problem.</p> <p>By changing our perspective and instead addressing youth violence as an issue of public and community health and wellbeing, public and nonprofit partners are better able to work cooperatively with youth, parents, teachers, health providers and other stakeholders to protect youth and prevent violence. Viewed through the lens of public health, the City is recommending policies that:</p>	
	<p>Public Health:</p> <ul style="list-style-type: none"> <li>• Sufficient funding for and improved access to General Assistance Medical Care, MinnesotaCare, Medical Assistance, and urban family planning programs.</li> </ul>	<p>Public Health:</p> <ul style="list-style-type: none"> <li>• Sufficient funding for and improved access to MinnesotaCare, Medical Assistance, and urban family planning programs.</li> </ul>
		<ul style="list-style-type: none"> <li>• Adequate funding and <u>preservation of the Local Public Health Grant Program.</u></li> </ul>
Support Issues	<ul style="list-style-type: none"> <li>• Continued funding and retention of the Local Public Health Grant Program.</li> </ul>	Moved to Priority Section
<b>Environment and Sustainability</b>		
Support Issues		<p><u>Asian Carp</u></p> <ul style="list-style-type: none"> <li>• Support legislation that addresses the spread of Asian Carp into Minnesota waters – including both measures to stem the mitigation and funding for research and analysis of mitigation efforts.</li> </ul>
Opposition Issues		<ul style="list-style-type: none"> <li>• Transfers and unintended uses of constitutionally <u>dedicated conservation funds.</u></li> </ul>
		<ul style="list-style-type: none"> <li>• Efforts to reduce or weaken existing environmental <u>regulations and policies.</u></li> </ul>

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<b>Jobs and Economic Development</b>		
		<u>Special legislation authorizing the extension of the timeframe to use TIF from three to six years for the North Minneapolis Capri Block TIF district damaged by the May, 2011 tornado.</u>
	<p>The City of Minneapolis has operated a jobs and training program that assists youth and adults in obtaining jobs skills and employment. The programs are funded with state and federal resources. Since 2006, the City has received a state appropriation for summer youth employment. The appropriation has provided approximately 1000 young people with jobs. The City supports:</p> <ul style="list-style-type: none"> <li>• Increased funding for the summer youth employment program and adult job training and employment programs.</li> </ul>	<p>The City of Minneapolis has operated a jobs and training program that assists youth and adults in obtaining jobs skills and employment. The programs are funded with state and federal resources. Since 2006, the City has received a state appropriation for summer youth employment. The appropriation has provided approximately 1000 young people with jobs. <u>Beginning in 2012, the legislature eliminated the City's direct appropriation and transitioned almost all youth employment funds to a state-run competitive grant program.</u> The City supports:</p> <ul style="list-style-type: none"> <li>• Increased funding for the summer youth employment program and adult job training and employment programs <u>to ensure that programs previously receiving direct appropriations are able to continue to serve the same number of youth and continue to provide the same high-quality training and employment experience.</u></li> </ul>
Support Issues	Seek clarification that parkland dedication may be required outside of a platting/subdivision process and that a flat fee may be used for residential development. <del>Has been included in previous legislative agendas.</del>	Seek clarification that parkland dedication may be required outside of a platting/subdivision process and that a flat fee may be used for residential development.



Moving Violation for Blocking Intersections. Amend MS 169.15 to allow local jurisdictions to issue a moving violation for blocking intersections. Currently the City has an ordinance that prohibits blocking an intersection and assesses a \$30 fine for the offense	Achieved
Permitting continued occupancy of foreclosed property during the redemption period and	Achieved
Legislation enabling the charging of a felony when there is evidence that a person uses, trains, or possesses a dog or other animal for the purpose of participating in, engaging in, or promoting animal fighting; increased penalties for animal fighting and possession of animals for fighting; and allowing for the charging of a felony for being a spectator at an animal fight.	Achieved
• Legislation allowing municipalities to adopt and enforce a housing, property maintenance, or rental licensing ordinance to ensure the safety of residential properties.	Achieved
Legislation to remove one potential barrier to early entry into prenatal care created by the perceived punitive nature of a state law mandating that health care providers report prenatal substance use to local welfare agencies.	Achieved
Authorize a tax credit for high technology and bioscience companies that conduct research and development	Achieved
Approve a historic tax credit.	Achieved
Lead Weight Restrictions Support mandates or incentives to eliminate the use of lead free tire weights for vehicles	Achieved

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